

The Economic Impact of the 2014 Preakness on the Maryland Economy

Summary

The 139th running of the Preakness Stakes drew a record crowd of 123,469 to historic Pimlico Race Course in Baltimore, the largest attendance in Preakness history. Race-day betting nationwide was up three percent over 2013. While money brought in by betting drives the industry, in-state operations of the race, attendance at the racetrack and related events is most important in generating the economic impacts for the region and the State.

For the State of Maryland, the Preakness is an opportunity to showcase its horse industry, hospitality and tourist attractions to business decision makers and a wider audience. The economic impacts of the event include not only the dollars spent on the race and by spectators, but also the positive publicity and exposure for the state, particularly the horse industry. However, the impacts that can be measured are limited to the operating expenditures of the event and the spending by visitors that would not otherwise occur.

Based on the number of visitors and projected average visitor spending, this study estimated the direct, indirect and induced impact of that spending in terms of jobs, salaries and tax revenues generated. This analysis addresses direct expenditures that can be attributed to the Preakness. This includes expenditures and visitor spending for Preakness Celebration events before and after the race itself.

2014 Highlights:

- A crowd of 123,469 enjoyed the 139th running of the Preakness at historic Pimlico Race Course.
- Preakness day wagering reached \$84,589,464 on the entire racing card, with \$6,089,075 bet in-state.
- Raceday operations generated direct expenditures of \$8.3 million and 118 full-time equivalent jobs (Table 1).
- Visitors to the Preakness and Preakness Celebration spent an estimated \$10.2 million which supports 157 full-time equivalent jobs (Table 2).
- Including indirect impacts (multiplier effect), total Preakness-related expenditures totaled \$31.4 million (Table 3).
- In all, Preakness visitors and operations generated 369 full-time equivalent jobs and \$11.2 million in salaries (Table 3).
- The total expenditures and employment from Preakness race day operations and visitor spending generated approximately \$2.1 million in State and local taxes (Table 4).

Table 1: Preakness 2014
Direct Economic Impact of Operations

Category	Gross Expenditures	Full-Time Equivalent Jobs	Employee Income
Race-Day Expenditures	\$4,313,113	56	\$1,841,836
Food and beverage (On-site)	2,868,155	47	1,046,902
Operations from Betting	1,096,034	15	445,753
Total	\$ 8,277,302	118	\$3,334,491

Table 2: Preakness 2014
Direct Economic Impact of Visitor Expenditures (Off-Site)

Category	Gross Expenditures	Full-Time Equivalent Jobs	Employee Income
Hotels/Motels	\$1,200,664	9	\$321,861
Transportation & parking	1,588,871	18	590,782
Restaurants	4,460,985	73	1,628,300
Retail	2,991,299	57	1,128,478
Total	\$10,241,819	157	\$3,669,420

Table 3: Preakness 2014
Economic Impact: Operations and Visitor Expenditures

	Direct	Indirect	Total
Gross Expenditures	\$18,519,120	\$12,882,981	\$31,402,101
Visitor Expenditures	\$10,241,819	\$6,071,361	\$16,313,180
Operations	\$8,277,302	\$6,811,620	\$15,088,922
Full-Time Equivalent Jobs	276	94	369
Visitor Expenditures	157	44	201
Operations	118	50	168
Employee Income	\$7,003,912	\$4,232,931	\$11,236,843
Visitor Expenditures	\$3,669,420	\$1,971,591	\$5,641,012
Operations	\$3,334,491	\$2,261,340	\$5,595,831

Table 4: Preakness 2014
Fiscal Impact: Operations and Visitor Expenditures

Category	Direct	Indirect	Total
State Taxes	\$1,234,930	\$209,857	\$1,444,787
Retail Sales Tax	\$1,124,937	\$94,766	\$1,219,703
Personal Income Tax	\$109,993	\$115,091	\$225,084
Local Taxes	\$595,376	\$73,581	\$668,957
Personal Income Tax	\$70,462	\$73,581	\$144,044
Hotel Tax	\$114,063	-	\$114,063
Admissions and Amusement Tax	\$410,850	-	\$410,850
Total of Selected State and Local Taxes	\$1,830,306	\$283,439	\$2,113,744